



City of Seattle

Department of Planning and Development

Diane M. Sugimura, Director

January 31, 2013

To: Special Committee on South Lake Union

From: Brennon Staley, Senior Planner
Jim Holmes, Senior Planner
Marshall Foster, Planning Director

Re: Proposed Historic Preservation Incentives in South Lake Union

BACKGROUND

In developing the proposed incentive program, DPD worked closely with community members to identify desired public benefits and sought to create an incentive program that achieved these benefits as closely as possible given legal limitations and potential trade-offs. While there are many ways to incentive desired outcomes (bonus floor area, floor area exemptions, waivers from development standards, etc.), the most substantive incentives all equate to providing additional floor area by allowing taller or bulkier buildings. Consequently, discussions about individual incentives need to be considered in the context of the larger incentive program as each incentive will have an impact on other incentives and the massing of the building.

After developing a zoning proposal that would be consistent with desired neighborhood character, DPD analyzed the value of new floor area that could be used to leverage public benefits and the tools available to achieve them. In developing the program, there were two key factors that influenced our recommendation:

1. Legal issues limited our ability to get public benefits through incentive zoning outside of transferring development rights. This circumstance precluded us from getting open space or streetscape benefits without using the new Local Infrastructure Project Area (LIPA) program
2. State requirements for the LIPA program necessitated developing a program that could obtain 688 credits over 25 years. The current program is estimated to achieve 800 credits in Downtown and South Lake Union. Given these numbers, a significant diversion of TDR credits would prevent the Local Infrastructure Project Area program from meeting its requirements.

DPD believes that implementing a LIPA program would be critical to realizing the broad goals of the community including funding for a community center and green street improvements, which could not otherwise be realized. The LIPA program would allow funds to be spent on the purchase of property and buildings by the City for the purpose of historic preservation; however, this was not seen as a viable option for historic preservation due to long term maintenance costs. Additionally, DPD reviewed the option of splitting the non-housing portion of incentive zoning between regional TDR and landmark TDR; however, this option was found to be problematic because it would require a substantial reduction in the size of the LIPA program and may not be desired by property owners or developers as it would require lots of small transactions to save an individual building.



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EXISTING INCENTIVES IN PROPOSAL

To support our historic preservation goals, DPD proposed the following incentives as an alternative to the traditional Landmark TDR approach:

1. Exempting Landmark structures from FAR calculations which acts as a bonus where structures are preserved
2. Providing an additional 0.5 FAR bonus for preservation of Landmark properties in certain areas
3. Providing an increase in tower floor plans for preservation of Landmark properties in certain areas
4. Requiring Landmark TDR to achieve extra floor area until the LIPA program is established which is likely to result in some purchase of Landmark TDR in the first wave of permits.
5. Allowing Housing TDR as an option on the housing portion of incentive zoning to preserve many of the old “red-brick” apartment buildings

ADDITIONAL POTENTIAL INCENTIVES

After additional discussions with the Department of Neighborhoods and community members, DPD is proposing to add the following additional incentives. Together, these incentives would require a small downsizing of the LIPA program.

1. Extend 0.5 FAR bonus to any lot preserving a landmark structure
2. Waive the ground floor open space requirement that is also being considered by DPD for properties with landmark structures

DPD also re-evaluated the following ideas which we are not recommending to pursue:

1. Allow up to 20% of the non-housing incentive in any individual project to come from Landmark TDR – this approach would result in a substantial reduction in local infrastructure funds (about \$3.5M) and it is unlikely that many people would take advantage of this program, unless Landmark TDR was priced well below regional TDR, because it would be more complicated to acquire two sets of TDRs in smaller amounts and property owners with historic structures would need to make lots of small purchase to sell all their TDR.